

August 9, 2005

Questions and Comments on Draft Proposal Solicitation Package for IRWM Implementation Grants, Step 2

The following questions and comments are offered for the Draft Proposal Solicitation Package for Implementation Grants, Step 2 from the Integrated Regional Water Management Grant Program.

Questions:

1. If a Step 2 project appears to be project specific to the applicant instead of being an integrated regional project, how are they to be handled?
2. Step 2 Proposals are by invitation only based on the Step 1 grant submittals being placed on the call backlog. The Step 2 Proposal will be assigned a new pin number through the FAAST system. For review and documentation purposes, can a cross-reference system be available to list the different pin numbers for the same project and other projects falling within the same identified integrated regional boundary?
3. With previous submittals, the reviewers were not allowed to seek clarification or request additional information regarding the proposal from the applicant. Does this same criteria exist for the Step 2 proposals?
4. It's been stated that Step 2 PSP projects will go to DWR if they're water supply projects and to the SWRCB if they're water quality projects. Water recycling projects are typically water supply projects although some are implemented for pollution control. Water recycling projects will likely be incorporated into many of the regional water management water supply grants. The SWRCB has funded water-recycling projects since the 1970s and has established appropriate guidelines and criteria accordingly. For consistency, can provisions be incorporated for DWR to work with SWRCB regarding water supply projects that involve water recycling?
5. Several of the proposals submitted for the IRWM Planning Grant Program and the Step 1 Grant Program have been segmented with different agencies submitting different segments of the integrated project within the same region or portions of it. These proposals do not appear to embrace the "Integrated Regional" concept. How are they to be reviewed and/or handled?

Comments:

1. **Duplicate Attachment Submittals For Step 2 Process.** Step 2 submittals are by invitation only based on approved Step 1 proposals. The Step 2 process/submittal requires a majority of the same documents/attachments to be submitted that were submitted for the Step 1 process. In the past under various programs, agencies

have expressed displeasure when asked to submit documents previously submitted, citing inefficiency on our part. It might be considered more “User Friendly” to the applicant if staff could access the same information from FFAST via the Step 1 process. An exception would be to identify any noted changes between the Step 1 and Step 2 proposals in the attachments.

2. **Assurances and Agreements are needed to Implement Integrated Regional Water Management and/or Water Recycling Projects and/or Procedures need to be in Place Between the Agencies and Stakeholders.** The Step 2 PSP could be much clearer on identifying the type of assurances and agreements that need to be in place prior to implementing an integrated regional water management program or a water recycling project. Assurances and/or letters of intent need to be acquired from recycled water users. If conversions or retrofits are required to deliver the recycled water to the site, it needs to be understood who is responsible, how it will be funded and scheduled to coordinate with the schedule of the project. For integrated regional projects, agreements need to be in place or be drafted to identify the roles, responsibilities, coordination, design and construction, funding, operation and maintenance responsibilities, etc., otherwise, projects often cannot be implemented fully, if at all. Signed agreements and assurances should be required prior to approval. If not in place, the applicant should provide draft copies of the agreements and assurances along with a time schedule for agency and stakeholder concurrence. These should be signed prior to project approval. This requirement could be an expansion to the Cooperating Entities Section or be a new area or attachment within the PSP.
3. **Expansion of the Scientific and Technical Merit Section of the Project Suggested.** Several projects, such as water recycling projects, may appear to have scientific and technical merit on paper, however, without proper analysis and assurances from the users and stakeholders, they cannot receive approval and/or be implemented. For water recycling projects, if technical review staff is not familiar with the available guidelines and criteria, they tend to grade these projects higher than appropriate. It’s suggested that additional language be provided in the Step 2 PSP listing available criteria and guidelines or documents that should be followed, i.e., the State Water Board Water Recycling Funding Guidelines, etc.
4. **Additional Language Suggested to Provide for Pre and Post Monitoring and Assessment Criteria.** If a project does not have a baseline-monitoring program in place consistent with what is to be monitored after implementation of the project, performance measurements and improvements cannot be documented. Exhibit I of the PSP, states Attachment 10 should include “A description of how pre-project conditions and data baselines will be determined, the basic assumptions being used, and the anticipated accuracy of the data to be produced.” It’s suggested that this language be expanded for the applicant to show the relationship and connection of the pre-project baseline information to the proposed post-project monitoring program or identify how the pre-project

baseline information will be modified prior to implementation for consistency and to provide a basis for comparison.

5. **The Economic Analysis Tables Does not Represent Annual Benefits and Costs in 2004 Dollars.** To represent costs and benefits in 2004 dollars requires the use of discount factors. Discount factors for 6% are not listed in the tables. What is listed in Tables F-4 through F-6 is an annual increment of six percent to reach 18.46% by the year 2054. The discount factor values listed do not represent present value discount factors for 6%. If the intent is to present the total present value of discounted benefits, the proper factors need to be used. In addition, when using tables such as this, consideration is normally given to replacement costs, ongoing operating and maintenance costs, salvage values, etc. It's suggested that someone take another look at the table and format for discounting deferred costs and benefits.
6. **Additional Items Need to be Considered for Annual Benefits.** Annual Benefits should take into account, and subtract, land and/or rights-of-way purchases, capital replacement costs of components or facilities that do not last 50 years, salvage value, if applicable, etc. For water recycling projects, if the discharge is to a stream other than to the ocean, the project may impact downstream users and the economics to the agencies downstream of replacing water no longer being discharged and water rights becomes an issue. The annual benefits and avoided costs tables appear to be skewed and/or incomplete based on the time frame involved and the Prop 50 eligible components. It's suggested that this table be reevaluated if present values are to be considered.
7. **Scientific and Technical Merit Reports, Certificates, etc. Lacks Authenticity.** Exhibit H requires certification of feasibility, however, the certification examples provided require only the name and signature of the individual certifying the document and the name of the project. It's presumed the intent is to have the individual certifying the documents to be competent and qualified. Engineers submitting feasibility studies, engineering design studies, plans and specifications, etc. are required to include their stamp/seal along with their signature. A similar requirement should be in place for the various disciplines.
8. **Additional Funding Sources for Project(s) Within Integrated Regional Area Need to be Identified.** To help identify who's funding what within the integrated regional water management area and to prevent possible double dipping of available funds, the applicant should identify the various funding sources, amounts, and projects or components being funded. With multiple programs funding multiple projects through multiple agencies and multiple sources, it's advisable to have some idea on who's doing or funding what and how this fits into the integrated regional water management program.